

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Implementation of an
Energy Conservation Improvement Program
for Minnegasco, Inc.

ISSUE DATE: July 14, 1988

DOCKET NO. G-008/M-87-231

ORDER ACCEPTING COMPLIANCE
FILING, DEFERRING CONSIDERATION
OF PROPOSED PROJECT, AND
DEFERRING CONSIDERATION OF
PROPOSED ACCOUNTING AND COST
RECOVERY TREATMENT OF CIP
EXPENSES

PROCEDURAL HISTORY

On October 5, 1987 the Commission issued its ORDER APPROVING MINNEGASCO, INC.'S CONSERVATION IMPROVEMENT PROGRAM AND REQUIRING NEW PROJECT AND INFORMATIONAL FILINGS. That Order approved Minnegasco, Inc.'s (Minnegasco's or the Company's) proposed Conservation Improvement Program (CIP) for 1987-88, with minor modifications.

The Order also required that the Company develop at least one new CIP project designed to benefit commercial customers, that the Company submit a detailed report on the accounting and cost recovery treatment it would propose for CIP expenditures, and that the Company make supplemental filings demonstrating compliance with the terms of the Order.

On January 5, 1988 the Company made a compliance filing, which included a proposal for a new commercial class project, a cogeneration project at the St. Peter State Hospital. This proposal was ultimately withdrawn, with Commission approval, due to lack of interest by the Company's project partner. On March 31, 1988 the Company filed a proposal for another commercial class project, a construction rebate project designed to promote energy efficiency in new construction.

The Department of Public Service (DPS or the Department) filed comments on all of the Company's filings. The Department recommended deferring action on the commercial class project until the new CIP year. Similarly, the Department recommended reserving judgment on 1988-89 budget

projections included in the filing until the Commission considers the Company's 1988-89 CIP filing. In all other regards, the Department recommended acceptance and approval of the Company's filing.

The matter came before the Commission on June 28, 1988.

FINDINGS AND CONCLUSIONS

Accounting and Cost Recovery Treatment of CIP Expenditures

The issue of accounting and cost recovery treatment of CIP expenditures is beyond the scope of this Order and will be treated separately on another occasion.

Commercial Class Rebate Project

The Commission notes that the Department considers the proposal to provide rebates for new construction meeting specified energy efficiency standards to be an innovative and potentially promising means of promoting conservation by commercial class customers.

The Commission notes, however, that the cost-effectiveness of the project is still under study. Furthermore, as a practical matter, little progress is likely to be made on the project during the 1987-88 CIP year, which is nearly at an end. The Commission will begin consideration of the Company's 1988-89 Conservation Improvement Program within the next few weeks. At that point the Commission will have the benefit of parties' comments not only on the project itself but on how it fits into the Company's Conservation Improvement Program as a whole. This should allow a more fully informed decision.

For these reasons, the Commission concludes that it should defer action on this project until its consideration of the Company's 1988-89 CIP filing.

Miscellaneous Compliance Issues

The Company's filing also included an update on the operation of its Home Energy Check-up and House Doctor projects, a report on its use of information gathered in its Research and Testing project, an accounting of its Research and Testing budget, and a progress report on each approved CIP budget.

All this information was adequate, helpful, and in compliance with the requirements of the October 5 Order. As noted above, the Commission makes no judgment at this time regarding the proposed funding levels for the Company's 1988-89 Home Energy Check-up and House Doctor projects. Those amounts will be determined at the time of Commission action on the Company's 1988-89 filing.

ORDER

1. The Commission defers consideration of the Company's proposed accounting and cost recovery treatment of CIP expenditures.
2. The Commission defers consideration of the Company's proposed new commercial construction rebate project until its consideration of the Company's 1988-89 CIP filing.
3. The Commission defers consideration of the Company's proposed funding levels for its Home Energy Check-up and House Doctor projects until its consideration of the Company's 1988-89 CIP filing.
4. In all other respects, the Company's compliance filing of January 5, 1988 is accepted and approved.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)